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Decision 92-04-044 April 22, 1992

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 Southern California Edison Company)
 (U-338-E) for ex parte authorization)
 to record in a memorandum account)
 the costs associated with its)
 Hazardous Waste Management Program)
 at the Compton Service Center site)
 in accordance with Decision No.)
 87-12-066.)

Application 88-06-052
 (Filed June 24, 1988)

FINAL OPINION

Summary of Decision

This decision adopts a joint stipulation of the Division of Ratepayer Advocates (DRA) and Southern California Edison Company (Edison) regarding recovery of costs associated with Edison's hazardous waste management program (HazWaste Program).

Background

On June 24, 1988, Edison filed Application (A.) 88-06-052 seeking ex parte authority to record in a memorandum account the costs associated with its HazWaste Program at the Compton Service Center site (Compton Site) in accordance with the procedure adopted in Edison's test year 1988 general rate case Decision (D.) 87-12-066.

D.87-12-066 adopted a procedure and guidelines for the funding of Edison's hazardous waste management costs. The decision required Edison to file an application for authorization to record in a memorandum account expenses for specific HazWaste Program projects. According to D.87-12-066, the expenses recorded in the memorandum account could be recovered in rates in a subsequent Energy Cost Adjustment Clause or general rate case proceeding following a reasonableness review.

On July 22, 1988, DRA filed a protest to Edison's request for ex parte relief. At the August 22, 1988 prehearing conference in this matter, DRA identified two principal issues which would require a hearing if not otherwise resolved:

1. The extent to which Edison has already been provided funds in base rates for the work planned at the Compton Site, and
2. To the extent base rate funding is inadequate, whether Edison is entitled to use the memorandum account procedure to fund the additional costs.

On August 15, 1988, Edison filed a motion requesting authorization to record in an interim memorandum account the expenses incurred for its HazWaste Program at the Compton Site.

On September 28, 1988, the Commission issued D.88-09-064 which approved Edison's request to establish an interim memorandum account to record expenses for its HazWaste Program at the Compton Site. The ordering paragraph approving Edison's request contained the following terms and conditions:

1. Edison may record in an interim memorandum account up to \$711,000 for costs associated with the HazWaste Program at the Compton Site.
2. Authority to implement this memorandum account is effective on the date of this order. No costs or expenses paid or incurred prior to the date of this order shall be included in the account.
3. All expenditures shall be consistent with the project documentation filed with the application, as supplemented by the discovery process.
4. Costs recorded in the account shall be subject to subsequent reasonableness review, and shall not be placed into rates until after such review and so ordered by the Commission.

5. Edison shall be authorized to accrue interest at the three-month commercial paper rate on the amounts booked in the interim memorandum account.

After D.88-09-064 was issued, DRA and Edison signed a stipulation (the Stipulation) regarding recovery of Edison's HazWaste Program expenses. On October 18, 1988, DRA and Edison filed a joint motion requesting the Commission's approval of the Stipulation. The Stipulation incorporates the following terms:

1. Edison may record in a memorandum account up to \$711,000 for costs associated with the Compton Site cleanup.
2. Authority to implement this account is effective on the date of this order. No costs or expenses paid or incurred prior to the date of the order granting interim relief shall be included in the account. All costs recorded in the interim memorandum account as authorized by D.88-09-064, dated September 28, 1988, may be recorded in the memorandum account, up to \$711,000.
3. All expenditures shall be consistent with the project documentation that has been set forth in the application and supporting documents filed by Edison on June 24, 1988, as supplemented by the discovery process.
4. Costs recorded in the account shall be subject to subsequent reasonableness review, and shall not be placed into rates until after such review and so ordered by the Commission.
5. Edison shall be authorized to accrue interest at the three-month commercial paper rate on the amounts booked in the memorandum account.
6. Beginning with Edison's next general rate case cycle, Edison agrees that it will not seek memorandum account treatment for any hazardous waste program projects that have

received base rate funding, even if project costs were underforecasted.

7. In future filings requesting memorandum account treatment for hazardous waste programs, Edison must document all prior funding it has received for the project and explain why that funding is inadequate.
8. Beginning with Edison's next general rate case cycle, the company will seek base rate treatment for any hazardous waste site investigations it plans to undertake and seek memorandum account treatment only for hazardous waste site cleanups.
9. It is the intent of Edison and DRA that adoption of this settlement and stipulation by the Commission will bind all parties to this proceeding. Except to the extent provided by the terms of this settlement and stipulation, Edison and DRA do not intend such adoption by the Commission to constitute approval of or precedent regarding any principle or issue in this or any future proceeding.

Other than Edison and DRA, only one other party has filed an appearance in this matter, the firm of Barakat, Howard and Chamberlin, Inc. (Barakat), as an interested party. Attached as Exhibit A to the joint motion is a letter from Barakat expressly agreeing to waive application of Rule 51.1(b) of the Commission's Rules of Practice and Procedure, which provides for a conference prior to signing of any stipulation or settlement with notice and opportunity for all parties to participate, and Rule 51.4, which provides for a 30-day comment period for any party that does not expressly join in a stipulation or settlement. With that waiver, Edison and DRA, pursuant to Rule 51.10, request the Commission to waive application of Rules 51.1(b) and 51.4 to this settlement and stipulation.

Discussion

The first five clauses of the Stipulation are identical to the terms and conditions included in D.88-09-064 and applicable to the establishment of Edison's memorandum account for recovery of HazWaste Program expenses at the Compton Site. The remaining clauses will improve the procedure for recovery of Edison's HazWaste Program expenses. Since Barakat has agreed to waive Rule 51.4 of the Commission's Rules of Practice and Procedure, the Stipulation should be adopted for recovery of Edison's future HazWaste Program expenses.

Findings of Fact

1. Edison filed A.88-06-052 requesting ex parte Commission approval to accrue in a memorandum account the expenses related to its HazWaste Program at the Compton Site.
2. On July 22, 1988, DRA filed a protest to Edison's request for ex parte relief.
3. On August 15, 1988, Edison filed a motion requesting authorization to record in an interim memorandum account the expenses incurred for its HazWaste Program at the Compton Site.
4. On September 28, 1988, the Commission issued D.88-09-064 which granted Edison's request to establish an interim memorandum account to record its HazWaste Program expenses at the Compton Site.
5. After D.88-09-064 was issued, DRA and Edison signed the Stipulation regarding recovery of Edison's HazWaste Program expenses.
6. On October 18, 1988, DRA and Edison filed a joint motion to adopt the Stipulation.
7. The only other party to the proceeding, Barakat, has agreed to waive the application of Rule 51.4 of the Commission's Rules of Practice and Procedure.
8. The Stipulation includes terms and conditions identical to those contained in D.88-09-064, applicable to establishment of

Edison's memorandum account for the Compton Site; its additional terms will improve the procedure for recovery of Edison's HazWaste Program expenses.

Conclusions of Law

1. The Stipulation should be adopted, as reasonable, consistent with law, and in the public interest.
2. The Stipulation should be applicable only to recovery of Edison's future HazWaste Program expenses.

FINAL ORDER

IT IS ORDERED that:

1. The terms of the stipulation (the Stipulation) between the Division of Ratepayer Advocates and Southern California Edison Company (Edison) regarding recovery of Edison's Hazardous Waste Management Program (HazWaste Program) expenses set forth in the body of this decision shall be adopted.

2. The terms of the Stipulation shall be applicable only to recovery of Edison's future HazWaste Program expenses.

3. Since all issues raised in this proceeding have been addressed, this proceeding is closed.

This order becomes effective 30 days from today.

Dated April 22, 1992, at San Francisco, California.

DANIEL Wm. FESSLER
President
JOHN B. OHANIAN
PATRICIA M. ECKERT
NORMAN D. SHUMWAY
Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY


NEAL J. SULMAN, Executive Director